

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
LEGISLATIVE COMMITTEE**

**MINUTES
MEETING OF MAY 13, 2004**

At 5:30 p.m. a quorum was established and Chairman Lee Panza called the meeting to order in the Fourth Floor Dining Room at the San Mateo Transit District Office.

Members Attending: Marc Hershman, Vice-Chair Sue Lempert, Irene O'Connell, Chairman Lee Panza, Joe Silva, and Deborah Wilder.

Staff/ Guests Attending: Julie Lancelle (C/CAG Alternate Member – Pacifica), Richard Napier (C/CAG Executive Director), Walter Martone (C/CAG Staff), Ross Nakasone (County Manager's Office), and Daniel Yost.

1. Public comment on items not on the agenda.

None

2. Minutes of the Meeting of April 8, 2004.

3. Update from C/CAG's Lobbyist in Sacramento (via conference call). Brian Moura (San Carlos) also participated in the conference call.

- The budget deal made between the Governor and the League was done without involving members of the Legislature. This could cause problems when it is presented for adoptions.
- The business lobby has significant influence with this Administration; however it appears that they were also excluded from the talks leading up to the budget deal.
- The recommended budget does not contain any tax increases; however it does anticipate numerous cuts in expenditures and some unanticipated revenues.
- There is still concern over how the payments in this budget that are being deferred to future years, will be ultimately paid for. The Governor has not provided details on how this matter will be addressed.
- It appears that for the first time in many years, the State budget will be adopted by the Constitutional deadline with bipartisan support. It does not however, fully address the structural deficit that will exist in future years.
- Consideration of increased taxes may only be considered after the budget has been adopted. The only increases that appear to have some support include taxes on the wealthy and tobacco. Unfortunately increased taxes in these areas are not likely to generate substantial revenues.
- Many State departments are having their funding cut in order to balance the budget. This includes some \$350 million dollars reduction in funding for correctional officers.

- The Governor is still trying to secure an additional \$500 million in revenues from Indian Tribes in return for doing transportation improvements around casinos.
- The last \$3 billion in cuts that still have to be made in order to balance the budget will likely come from reductions in Health and Welfare and other State Agencies.
- The Governor's Office and the Legislature continue to have concerns over recent salary increases that have been provided in local educational agencies, local governments, and city managers. It was suggested that if this is truly an issue, perhaps the Governor could provide assistance to local agencies in their negotiations with various entities that are putting pressure on for salary increases.
- The Governor's much awaited Performance Review report has not been well received. It has been cited as being too political and therefore its release is being delayed.
- There will likely be significant layoffs of State staff in this budget cycle.
- ACA 10 is facing a deadline of June 30th in order to be placed on the November ballot. Assemblyman Harman is still missing three or more Republican votes in order to move this bill forward.
- The League has taken a "support" position on ACA 10; however they have not strongly advocated for its passage. They have indicated that it does not address all of the problems that have been identified with Proposition 218 and therefore they have been less excited about pushing for its passage. C/CAG staff was instructed to contact the League and emphasize the importance of this bill and the financial implications that it would have for the cities.
- Assemblyman Simitian is extremely impressed with the amount of support that has been generated locally for C/CAG's bill AB 1546. He feels that it may be necessary to get a few Republicans to also sign on as supporters for the bill to ensure its passage.
- Basically all of the bills that were attempting to lower the vote threshold for passing special taxes are dead for this session.
- The bill to modify the composition of the MTC Board to give additional seats to Oakland and San Jose was aggressively opposed by Assemblymen Mullin and Yee. The author (Salinas) finally pulled the bill and it is likely dead for this session. We need to watch for it returning in the next session.
- AB 2702 by Steinberg, that would basically mandate local approval of 2nd units, is being strongly opposed by Assemblyman Mullin. So far the bill has been passing through Committees as a courtesy to the author. Assemblyman Steinberg has cited San Mateo County cities as some of the prime targets of this bill.

4. Recommendation for a position on AB 2702.

*Motion to recommend that C/CAG take an "oppose" position on AB 2702.
O'Connell/Lempert, unanimous.*

5. Consideration of a position on legislation related to local fiscal reform (SCA 21 – Torlakson).

- The League of Cities and the Governor have worked out a compromise budget that basically reduces by one-half the amount of funds that would be taken from local jurisdictions to balance the State's budget over the next three years. This compromise also includes the Governor endorsing and agreeing to campaign for the passage of a Constitutional Amendment that protects local government revenues in the future, and ensures that State mandated programs are paid for by the State in a reasonable time frame.
- The budget deal negotiated between the League and the Governor appears to provide good protection for local governments and represents a reasonable sharing of the cuts that need to be made over the next two years to balance the State budget.
- As with most deals of this sort, "the devil is in the details." It is critical that the final budget and legislation and constitutional amendment to provide on-going protection against future raids of local funds, remain true to the principles that were negotiated between the League and the Governor. It is likely that the Legislature will be tempted to put its own conditions and preferences into the final bills that get passed on to the Governor.
- This entire process needs to be watched very carefully by Advocation. It was requested that communications about the budget deal that come from Advocation, be transmitted to the entire C/CAG Board.

Motion: To support the concept of the budget deal worked out between the League and the Governor, provided that the triple-flip is excluded and the final wording of the budget and accompanying Constitutional Amendment remains true to the list of conditions that has been published by the League and distributed to local jurisdictions. The language of the budget and the Constitutional Amendment must be specific enough so that it does not have multiple interpretations. Sue/Irene. Unanimous

6. Update on negotiations related to legislation to allow the use of redevelopment funds for Transit Oriented Developments (AB 269 – Mullin).

Ross Nakasone from the County Manager's Office reported that negotiations are going very slowly, but some progress has been made. The County continues to talk with housing advocates to craft legislative language that would allow San Mateo County jurisdictions to use redevelopment funds for affordable housing projects in other jurisdictions. So far the housing advocates have been unwilling to accept language that makes this program a feasible option for the cities in San Mateo County to consider implementing.

7. Consideration of a position on enabling legislation for a Countywide Special Park District.

The County is working with various parks and recreation advocates to gain legislative approval to establish a Countywide Special Parks District. Hopefully such a District will be able to generate new funds to support both County and City parks. Additional work

still needs to be done on this proposal in order to gain the support it needs from the cities before it is presented to the State Legislature.

Concern was expressed that the proposal does not clearly spell out the role of the Cities, the benefits to the Cities, how the Cities will participate, the composition of the governing structure and how the Cities will be represented, and the plan for the allocation of funds that are generated by the District.

8. Establish date and time for next meeting (June 10, 2004).

The next meeting was set for June 10, 2004 at 5:00 p.m. at the Fourth Floor Dining Room at the San Mateo County Transit District Office.

9. Adjournment.

The meeting was adjourned at 6:50 p.m.